

**POTCHEFSTROOM CITY COUNCIL
(NW402)**

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2005

The preparation of these financial statements, which are set out on pages x to x, is the responsibility of the Municipal Manager in terms of Section 126(1) of the Municipal Finance Management Act and the statements are signed on behalf of the municipality.

Municipal Manager

Date

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I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 55 terms of Section 125(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowance and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

(Name)
Municipal Manager

Date

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

		Ward
TR MAMPE	EXECUTIVE MAYOR	14
NM NTSOELENGOE	SPEAKER	15
RM DASSIE	MMC FOR SOCIAL SERVICES	
MJV LOURENS	MMC FOR INFRASTRUCTURE	1
DL CAROLUS	MMC FOR FINANCE	9
MA MASIU	MMC FOR HOUSING	
MJ MADIEHE	MMC FOR PUBLIC SAFETY	
AG MOTINGOE	MMC FOR CORPORATE SERVICES	
YM QOKELA	MMC FOR HEALTH AND ENVIRONMENT SERVICES	16
SI DIPICO	MMC FOR LOCAL ECONOMIC DEVELOPMENT	
MC MOFOKENG	COUNCILLOR	18
TJ FAKU	COUNCILLOR	19
DNS TSAGAE	COUNCILLOR	8
S PRESENT	COUNCILLOR	10
EPM MODIAKGOTLA	COUNCILLOR	11
RH MOKGETI	COUNCILLOR	12
SN XABA	COUNCILLOR	13
BE MAHLABE	COUNCILLOR	17
BE SEGOTSO	COUNCILLOR	
AJ MAPHETLE	COUNCILLOR	
M SAAYMAN	COUNCILLOR	
MT MALESHANE	COUNCILLOR (Until 8 March 2005)	
EM MAPHAKATHI	COUNCILLOR	
BM MALOYI	COUNCILLOR	
PM NORMAN	COUNCILLOR	
TG KRUGER	COUNCILLOR	2
CJ COETZER	COUNCILLOR	3
DL DAVEL	COUNCILLOR	4

		Ward
M KRUGER	COUNCILLOR	6
LP WRIGHT	COUNCILLOR	7
RJ VAN RENSBURG	COUNCILLOR	
PI KALAOTE	COUNCILLOR	
ST MABASO	COUNCILLOR	
E DE C PRETORIUS	COUNCILLOR	
BHJ VAN DER BERG	COUNCILLOR	
JC LANDSBERG	COUNCILLOR	
J DELPORT	COUNCILLOR (until 30 June 2004)	
J MATSHEGO	COUNCILLOR	20
JM VENTER	COUNCILLOR	5
D SCHOEMAN	COUNCILLOR (In place of J Delport from 12 July 2004)	
MJ SERWALA	COUNCILLOR (From 8 May 2005)	

GRADING OF LOCAL AUTHORITY: GRADE 10

AUDITORS: AUDITOR-GENERAL

BANKERS: ABSA BANK LTD

ADDRESS OF THE REGISTERED OFFICE:

POTCHEFSTROOM CITY COUNCIL
DAN TLOOME COMPLEX
WOLMARANS STREET
POTCHEFSTROOM, 2531

POSTAL ADDRESS/P.O. BOX 113
POTCHEFSTROOM, 2520

TELEPHONE NUMBER: 018-299 5151

■FAXIMILEE: 018-294 8203

ACTING MUNICIPAL MANAGER: BG MOUMAKWE

ACTING DIRECTOR FINANCE: PNR WILGENBUS (Honn B. Comm , Registered as CPA(SA))

POTCHEFSTROOM CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

1. BASIS OF PRESENTATION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). These accounting policies are consistent with those of the previous financial year, except as indicated in Note 31.

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants' Accounting Practices Committee. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principle accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

4.1 The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing developments undertaken by Council were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing developments,

both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR of a Council resolution SPC1/2004-05-27 . A corresponding amount is transferred to a designated CRR bank account. The cash in the designated CRR bank account can be utilised only to finance items of property, plant and equipment but if utilised for any other purpose, the CRR is reduced by a corresponding amount.

The amount transferred to the AFR is based on the Council's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When items of property, plant and equipment are financed using the AFR cash resources, a corresponding transfer is made from the AFR to a Future Depreciation Reserve. When such items of property, plant and equipment are depreciated, a transfer is made from the Future Depreciation Reserve to the unappropriated surplus. The purpose of this policy is to promote community equity through the elimination of duplicate charges to community wealth.

When an item of property, plant and equipment financed from the AFR is disposed, the balance in the Future Depreciation Reserve relating to such item is transferred to the unappropriated surplus.

5.3 Government Grant Reserves

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When items of property, plant and equipment are financed from government grants, public contributions and donations, a corresponding transfer is made from the unappropriated surplus to a Future Depreciation Reserve. When such items of property, plant and equipment are depreciated, a transfer is made from the Future Depreciation Reserve to unappropriated surpluses. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment.

5.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by national Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

5.5 Self-Insurance Reserve

The balance of the Self-insurance Reserve is determined based on 5% of the insurance risk carried by the Municipality (state basis of determining balance of self-insurance reserve) and past claims history in terms of a Council Resolution XX and is reinstated or increased by a transfer from the accumulated surplus.

5.6 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revaluated buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revaluated amounts, are credited or charged to the Statement of Financial Performance.

6. PROPERTY, PLANT AND EQUIPMENT

- 6.1 Property (which includes investment properties), plant and equipment is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, defined as culturally significant resources, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value, If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement of an asset are met.

- 6.2 Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	Years		Years
Infrastructure		Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
Community		Bins & containers	5
Improvements	30	Specialised plant and equipment	10-15
Recreational Facilities	20-30	Other items of plant and equipment	2-5
Security	5		
Investment Properties	30		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determine as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provisions is made for this obligation in accordance with

the Municipality's accounting policy on non-current provisions – See Accounting Policy 14 on Provisions.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

6.3 Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

6.4 Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are expensed when incurred.

6. REVALUATION OF LAND AND BUILDINGS

6.1 Land and buildings are stated at depreciated replacement values less accumulated depreciation since the date of revaluation and are revalued every four years by an independent valuator. The last revaluation was effective 1 July 2002.

7. INVESTMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8. LEASES

8.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to Council.

8.2 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

8.3 Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised.

8.4 The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

9. INVENTORIES

9.1 Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

9.2 Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9.3 Redundant and slow-moving inventories are identified and written down with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

10. ACCOUNTS RECEIVABLE

- 10.1 Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade Creditors are stated at their nominal value.

12. RETIREMENT BENEFITS

- 12.1 Council provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

13. REVENUE RECOGNITION

- 13.1 Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportion basis.
- 13.2 Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale and not when prepaid electricity is consumed.
- 13.3 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 13.4 Revenue arising from the application of the approved tariff of charges is generally recognised when the relevant service is rendered.
- 13.5 Interest and rentals are recognised on a time proportion basis.
- 13.6 Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is only recognised when collected.

13.7 Government grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the municipality has not met the condition, a liability is raised.

13.8 Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment are also recognised as revenue in terms of paragraph 3.3 above.

13.9 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Services charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements of finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

13.10 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collections charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

13.11 Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average date is accrued. Estimates are reviewed regularly to ensure that average date is appropriate.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is on the form of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13.12 Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

13.13 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non- current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

13.14 Cash and Cash Equivalents

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

13.15 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the municipal Finance management Act (Act no 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13.16 Irregular Expenditure

Irregular expenditure that is contrary to the Municipal Finance Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregularly expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13.17 Fruitless and Wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13.18 Foreign Currencies

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

13.19 Comparative Information

Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

14. SEGMENTAL INFORMATION

14.1 Segmental information on Property, Plant and Equipment as well as income and expenditure is set out in Appendices C and D based on the international Government Financial Statistics classifications (or alternatively based on the municipality's organisational structure) and the budget formats prescribed by National Treasury. Council operates solely in its area of jurisdiction as determined by the Demarcation Board.

15. PROVISIONS

15.1 Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

16. CASH AND CASH EQUIVALENTS

16.1 Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

16.2 For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

17. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the municipal Finance management Act (Act no 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. IRREGULAR EXPENDITURE

Irregular expenditure that is contrary to the Municipal Finance Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregularly expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

21. COMPARATIVE INFORMATION

Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Explanatory Notes: Notes to the Financial Statements

General Notes

- Every note disclosing financial information must set out a comparative amount.

Note 1 : Housing Development Fund (HDF)

The establishment and operation of a Housing Development Fund occurs in terms of the Housing Act, 1997. It should be noted that the Housing Operating Account is included in the Statement of Financial Performance. The net result of the Housing Operating Account is then transferred from/to unappropriated surpluses.

The amount included on the face of the Statement of Financial Position is the accumulated fund of the HDF.

This includes the following:

- Unappropriated surpluses
- Loans extinguished on 1 April 1998

The note must also indicate the current and non-current assets as well as the current and non-current liabilities of the HDF included elsewhere under appropriate balances in the Statement of Financial Position.

The balance of the HDF must agree with the Statement of Changes in Community Wealth.

Note 2: Reserves

This note provides a breakdown of reserves included on the face of the Statement of Financial Position. Each reserve specified in the note must be included in the Statement of Changes in Community Wealth.

It should also be stated whether the Asset Financing Reserve is cash/investment backed. If the Asset Financing Reserve is not cash/investment backed, then it must be reversed to unappropriated surpluses through the Statement of Changes in Community Wealth.

If there is a Self-Insurance Reserve, the extent to which this reserve is cash-backed must be specified. It should be noted that this reserve does **not** have to be cash-backed.

Note 3: Trust Fund

Monies received in advance from National or Provincial Governments are not monies held in trust. These transfers are liabilities and will be included under Note 9 (see below).

This note provides details of all Trust Funds where, in terms of the trust deed, the municipality is the trustee. Income and expenditure attributable to the Trust Fund is excluded from the Municipality's Statement of Financial Performance as these are accounted for in the Trust Fund.

It should also be stated whether the Trust Fund is cash/investment backed. If it is not, there is a risk that municipalities will be in breach of the Trust Deed.

Note 4: Long-term liabilities

There is no change in the disclosure requirements.

It should be noted that a Municipality cannot include a stock loan certificate as a loan when the municipality has repurchased the loan instrument prior to redemption, even if such certificate has been acquired as an "investment by the Asset Financing Reserve" or any other fund or reserve.

Note 5: Non-Current Provisions

Non-current and current provisions must be disclosed in terms of GAMAP 19.

It should be noted that National Treasury discourages the raising of a non-current provision for social benefits, particularly free water and electricity entitlements, as either a non-current or current provision, which is an option in terms of paragraph .07 of GAMAP 19.

Where a municipality enters into an onerous contract (in other words, where the selling price of a service such as electricity or water is lower than the cost that the municipality pays for the service) as part of an incentive for economic development or for other reasons, this should also be included on the face of the balance sheet, either as non-current and/or current liabilities, depending on the duration of the onerous contract.

In certain cases, non-current provisions should be disclosed at net present values.

GAMAP 19 requires that the following be disclosed for both non-current and current provisions, for each class of provision: -

- Additional provisions made in the period (shown as contribution to provisions on the Statement of Financial Performance).
- Amounts used.
- Unused amounts reversed (shown as contribution from provisions on the Statement of Financial Performance).

- Increase in the discounted amount arising from the passage of time and the effect of a change in the discount rate.

In terms of GAMAP 19, comparative information is not required.

In addition, the following information must be included:

- A brief description of the nature and expected timing of outflows.
- Where uncertainties exist, the major assumptions used.

Note 6: Consumer Deposits

The only change relates to the accrual of interest paid on consumer deposits, which applies only to those municipalities that in terms of their policies, pay interest on consumer deposits. The corresponding entry will be interest paid (see note 24).

Note 7: Current Provisions

See explanatory notes under Note 5 above. Certain provisions may have both a current and a non-current component, as illustrated in the specimen financial statements.

Staff leave is not a provision as there is no uncertainty as to the timing or amount of staff leave. It is included under creditors.

Note 8: Creditors

The breakdown of creditors included in this note is the minimum information that should be disclosed. Payments received in advance represent amounts invoiced or received by the Municipality where services still have to be performed.

Note 9: Conditional Grants and Receipts

Conditional Grants and Receipts are split into two components:

- *Conditional grants from other spheres of government*

The amounts to be disclosed in this note are grants received from national or provincial government but the municipality has not fulfilled the conditions associated with such grants. These amounts represent the obligation of the municipality to comply with the conditions of the grant.

These amounts are determined when preparing the reconciliation illustrated in note 19.

- *Other conditional receipts*

These amounts represent contributions from developers and public contributions to construct a specific item of property, plant and equipment within a certain time period.

These receipts exclude general developers' contributions and endowments, which must be used for a general purpose. In other words, these general contributions can be used to expand the electricity or water network. However, the municipality does not have an obligation to construct a specific item of property, plant and equipment within a specified time period.

These receipts should:

- Firstly be included as revenue in the Statement of Financial Performance (other income).
- Secondly be transferred from the unappropriated surplus to the Asset Financing Reserve in the "Statement of Changes in Community Wealth".

Separate general ledger records should be maintained for these components in the Asset Financing Reserve to ensure they are used for general purposes.

Note 10: Property, Plant and Equipment

The disclosure of property, plant and equipment is in terms of GAMAP 17.

GAMAP 17 requires a reconciliation of the opening carrying value of each class of asset to the closing carrying value. At present this information is contained in Appendix B and is not included in this note.

GAMAP 17 also requires information on those classes that are pledged as security.

Note 11: Investments

It should be noted that the purchase of the municipality's own debt instrument prior to the redemption date does not qualify as an investment and must not be disclosed as such.

The following information must be disclosed on investments:

- Listed, unlisted and cash investments.
- In respect of listed investments, shares can be recorded at cost. The market value of such shares must be disclosed. Listed shares can also be recorded at market value, in which case guidance must be obtained from the relevant IPSAS statements.
- In respect of unlisted investments, council's valuation of such investments must also be included in the note.

In respect of investments in associates, the following need to be taken into account:

- Associates must be accounted for in terms of the equity method in consolidated annual financial statements (see paragraph .15 of GAMAP 7).
- Should the municipality not have any controlled entities, it will not have to issue consolidated financial statements. It should account for the associate in

its separate financial statements by applying the equity method in terms of GAMAP 7. This is not illustrated in the specimen financial statements.

- Guidance in relation to compliance with the disclosure requirements of GAMAP 7 is provided in the specimen annual financial statements (separate and consolidated).

It should be noted that the Municipality can use the equity method to record the carrying value of the associate in its separate financial statements. However, there must be compliance with the requirements of GAMAP 7.

In respect of Municipal Entities, the following needs to be taken into account:

- Controlled Municipal Entities need to be consolidated and consolidated annual financial statements prepared (see paragraph .11 of GAMAP 6).
- Compliance with the disclosure requirements of GAMAP 6. The specimen annual financial statements (separate and consolidated) provide guidance in this regard.

The separate consolidated specimen annual financial statements to provide guidance on dealing with GAMAP 6 and 7 should be referred to as guidance.

In respect of Joint Ventures, the following needs to be taken into account:

- Joint ventures must be consolidated in the consolidated annual financial statements using the proportionate consolidation method.
- Should the Municipality not have any controlled entities, it will not have to issue consolidated financial statements. It should account for the joint venture in its separate financial statements in accordance with paragraph .55 of GAMAP 8. This is not illustrated in the specimen financial statements.
- Compliance with the disclosure requirements of GAMAP 8. The specimen annual financial statements (separate and consolidated) provide guidance in this regard.

Note 12: Non-current loans

Details of these loans should be disclosed so that a user can obtain information on the nature of the loans, repayment information and interest income.

Provision for bad debts should be raised where recovery of the outstanding balance is doubtful or irrecoverable.

The provisions of Section 164(1)(c) of the Municipal Finance Management Act must be considered.

Note 13: Inventory

The requirements of GAMAP 12 must be considered.

The following inventory classifications must be disclosed in the financial statements:

- Consumable stores
- Maintenance materials
- Spare parts for plant and equipment
- Water and other strategic stockpiles
- Other goods held for resale
- Land/property held for resale

Consumables, maintenance and spare parts can be aggregated if the amounts involved are immaterial or cannot be easily determined using existing systems.

Where inventory is pledged as security, this must be disclosed in the note.

Note 14: Consumer Debtors

Current debtors must be classified between:

- Consumer debtors (as illustrated in this note); and
- Other debtors (as illustrated in Note 15).

The following should be disclosed: -

- *Ageing of debtors by major revenue source as illustrated in the specimen financial statements.*
- *Where consolidated billing systems prevent the ageing of debtors by major revenue sources, then a total ageing will be acceptable.*
- *The basis of determining the bad debt provision.*
- *The classification of debtors as far as possible into:*
 - Consumers
 - Industrial and commercial
 - National Government
 - Provincial Government
 - Other organs of state

The following should be noted:-

- *Ageing parameters are dependent on individual IT system capabilities. The parameters set out in the specimen financial statements are for illustrative purposes only.*
- *Where there is a Housing Development Fund and Housing Operating Account in terms of the Housing Act, 1997, the above information must be provided on such debtors.*

Note 15: Other debtors

Sufficient information must be provided to enable users of financial statements to gain an understanding of the nature of non-consumer debtors. The use of “miscellaneous” or “other” should be limited to immaterial balances included in other debtors.

Note that if there is unauthorised, irregular, fruitless or wasteful expenditure (see note 31) which is recoverable from an individual, this should be specified in other debtors.

Note 16: Bank, Cash and Overdraft Balances

The information required on bank accounts in accordance with Section 125(2)(a) of the Municipal Finance Management Act must be included in the annual financial statements. This note illustrates this legal requirement.

This information must be disclosed for all bank accounts. The primary bank account referred to in Section 8 of the Municipal Finance Management Act must be identified.

The budget amount is obtained from the latest revised budget approved by Council.

Note 17: Property Rates

The specimen financial statements set out the minimum information to be presented on property rates. This information will enable a user to benchmark this information with other municipalities.

Note 18: Service Charges

This note merely provides a more detailed breakdown of the aggregate amount included on the face of the Statement of Financial Performance.

Note 19: Government Grants and Subsidies

The disclosure of information on government grants and subsidies is required in terms of Section 123 (1) of the Municipal Finance Management Act. This note illustrates this legal requirement in respect of grants and subsidies received.

Note 20: Other income

The purpose of this note is to provide additional information to assist users of the financial statements.

Note 21: Employee Related Costs

The note must include the information set out in the budget formats. This is essentially a reconciliation of employee related costs, together with the Municipality's contributions to medical aid and pension fund, amongst others, in accordance with the payroll to the amount included in the Statement of Financial Performance. This enables accurate benchmarking between municipalities.

The remuneration (salaries, allowances and benefits) of the Municipal Manager, Chief Finance Officer and other senior employees must also be set out in terms of Section 124(1)(c) of the Municipal Finance Management Act. This note illustrates this legal requirement.

Note 22: Remuneration of Councillors

This note illustrates the information required in terms of Section 124(1)(a) of the Municipal Finance Management Act. In certain instances, the benefits of Councillors cannot be quantified in monetary terms. However, a description of such benefits must still be provided as illustrated in this note.

The certificate included in this note is mandatory and must be signed by the Municipal Manager regardless of whether the Municipal Manager has signed the financial statements elsewhere.

Note 23: Bad Debts

This expense has two components: -

- The contribution to/from the bad debt provision; and
- Bad debts written off for which provision had not been made.

Note 24: Interest on External Borrowings

Interest on external borrowings should be classified as follows: -

- Interest on long-term debt as defined in the Municipal Finance Management Act.
- Interest on capitalised finance leases/instalment credit.
- Interest on short-term debt as defined in the Municipal Finance Management Act.
- Interest on bank overdrafts.

Note 25: Bulk Purchases

This note provides more detail of information summarised on the face of the Statement of Financial Performance.

Note 26: Grants and Subsidies Paid

The grants paid to other Municipalities must be separately disclosed in terms of Section 123(1)(b) of the Municipal Finance Management Act. The information set out in this note illustrates this legal requirement and sets out other information that will support compliance with Section 67 of the Act.

Note 27: Contributions to/(from) Provisions

This note provides more detailed information on changes in provisions.

Contributions to all liability provisions, both current and non-current, must be set out.

In addition, contributions to all asset provisions must be set out, with the exception of: -

- Provision to the bad debt provision, which is included in note 23; and
- Provision for accumulated depreciation, which is disclosed as a depreciation charge on the face of the Statement of Financial Performance.

Note 28: Cash Generated from Operations

This is a standard note that is prepared to support the direct method of determining cash generated from operations disclosed on the face of the cash flow statement.

Adjustments are made in this note for: -

- Non-cash items of revenue and expenditure included in the net surplus/deficit for the year.
- Movements in working capital

Note 29: Cash and Cash Equivalents

This note reconciles the movement in cash and cash equivalents, determined from the Statement of Financial Position, to prove the total shown on the face of the Cash Flow Statement.

Note 30: Long-term Liabilities Reconciliation

A reconciliation of non-current long-term liabilities must be included in the notes to the financial statements to ensure that external long-term debt has only been used for the purposes specified in Section 46(1) of the Municipal Finance Management Act.

The reconciliation must set out how much cash has been set aside for the repayment of long-term liabilities.

The total of the reconciliation, which is the sum of

- the difference between long-term liabilities raised and used to finance acquisitions of property, plant and equipment;
- the amount set aside for the repayment of long-term liabilities should be supported by cash and investments as allocated in Note 11.

Note 31: Unauthorised, Fruitless and Wasteful Expenditure Disallowed

The reconciliations of unauthorised expenditure as well as Fruitless and Wasteful Expenditure Disallowed, together with the explanatory information, set out in this note are in terms of Section 125(2)(d) of the Municipal Finance Management Act

Note 32: Additional Disclosures in terms of the Municipal Finance Management Act

A separate note is required to set out disclosure requirements required in terms of Sections 124 and 125 of the Municipal Finance Management Act.

These additional disclosures are: -

- Total amount of contributions to organised local government together with the amount of outstanding contributions;
- The total amounts paid in audit fees, taxes (income tax and PAYE), levies, duties, pension and medical aid contributions and whether any amounts were outstanding at the end of the financial year.
- Information on Councillors whose arrears in respect of municipal services were outstanding for greater than 90 days at any time during the financial year.

The specimen financial statements illustrate the required disclosure in the financial statements.

Note 33: Capital Commitments

This note illustrates the disclosure requirements of GAMAP 17. Commitments must be disclosed for each class of property, plant and equipment.

Note 34: Retirement Benefits

This note summarises current disclosure requirements.

Municipalities who opt to apply SA GAAP AC116 will need to comply with the disclosure requirements of this statement.

Note 35: Contingent Liabilities

Section 125(2)(c) of the Municipal Finance Management Act requires disclosure of all contingent liabilities

GAMAP 19 defines contingent liabilities and indicates the information to be disclosed.

Note 36: In-kind Donations and Assistance

Municipalities may receive in-kind donations and assistance which, although it constitutes revenue, cannot be measured and therefore included in the Statement of Financial Performance. The financial statements will be incomplete without at least a description of the in-kind donation and assistance. This note requires details of in-kind donations and assistance to be described.

Common examples of in-kind donations and assistance are donor assistance, travel tours, assistance from twinning agreements and the placement of International Finance Advisors at certain municipalities by National Treasury.

PREFACE

INTRODUCTION

It is my privilege to present to you the financial statements of Potchefstroom City Council for the financial year ended on 30 June 2005.

The budget of a local municipality is its primary instrument for addressing the socio-economic needs of its citizens and proper maintenance of all existing infrastructure. The financial statements on the other side is an instrument which can be used to determine whether the goals as set in the budget had been achieved.

We are delighted to report that we have managed to maintain a positive growth rate in Potchefstroom. This is attained by the invaluable trust, loyalty and support from our business community and employers. It is prudent to state that Potchefstroom City Council through not only its marketing strategy but also our valued open door policy also serve as contributory factors to our achievement.

The diligent application of excellent financial management procedures, controls and policies has without doubt placed the Potchefstroom City Council in an absolutely sound financial position. The financially healthy position of our Municipality is also mainly attributable to the best practices of Good Governance by both the political and administrative spheres within our Institution.

In line with the status of being declared a PILOT MUNICIPALITY by the National Treasury, it is our desired aim to not only maintain our present high standards but also to vigorously take every opportunity to improve on our performance to the benefit of our local economy and its citizens.

GENERAL OVERVIEW

Our Economy's Greatest Challenge: Unemployment

Since the new Council was elected into office in December 2000, it has prioritised unemployment as the greatest challenge facing Potchefstroom. Indeed, unemployment is a national crisis and it is accepted that South Africa needs to create in excess of 400 000 new jobs annually. Statistics SA estimates unemployment to stand at 38,5%. In North West Province, recent estimates by WEFA places the figure of unemployment close to 43%.

The Government's Growth, Employment and Redistribution (GEAR) strategy aimed to create 409 000 jobs by 2002. This would require economic growth rates of at least 6% per annum with greater emphases on higher and sustainable investment and long-term access to international markets exports. We can state that these are also the fundamental challenges facing the Potchefstroom economy, namely improved fixed investment and exports opportunities for our business sector.

How can we raise investments in and exports from Potchefstroom in a rapidly changing external environment? A non-negotiable precondition is that Potchefstroom needs to become an internationally competitive location for investment and location of business firms.

The absolute need for increasing the competitiveness of our location, arises from the greater levels of competition that the business sector is facing in South Africa in general since the opening-up of our economy after 1994. The latter has subjected local firms to unprecedented levels of competition, posing significant threats but also opportunities, to especially the previously sheltered firms. The intensity of competition has brought to the fore the question of what determines the competitiveness amongst business and of how Government – in particular Local Government – can assist our firms to be more competitive.

Potchefstroom needs to be a Competitive Location

For the many individual firms in Potchefstroom competitiveness hinges on the ability to offer products and services that are of a higher quality and coupled with lower costs than others in the marketplace. Given the legacy of the past, high poverty, and the challenge of unemployment, it is clear that we need to adopt labour-intensive production methods and still remain internationally competitive. The conclusion is thus clear: we must improve the quality of our work force. Since the new municipal dispensation came into being in December 2000, the philosophy of "developmental local government" has really made the Potchefstroom City Council the hands and feet of government in its quest for economic development and fighting against poverty. The concept of Local Economic Development (LED), a central pillar within our overall Integrated Development Plan (IDP) is a crucial tool in this regard.

Local authorities are, in terms of our Constitution the first line of attack against poverty and inequality. In this regard the Potchefstroom City Council is cognisant of the immensity of the challenge. We believe that ultimately the challenge is to create a competitive local economy wherein our businesses that can maintain a positive and sustainable growth value our people can lead stable and prosperous lives.

Local Economic Development and Competitive Localities

The obligation on Local Government to address economic development challenges such as poverty, unemployment and inequality stems from our Constitution. Section 152 of the Constitution is explicit in defining the purpose of Local Government viz to "promote social and economic development".

In the past Local Governments did not view themselves as economic development vehicles. Accordingly they did not act purposefully to facilitate the economic development of their area. If the provision of basic services and infrastructure did contribute to economic development, it was coincidental. This situation was perceived after 1994 to be at odds with the Constitutional responsibilities of Local Government. As a result much of the Local Government Transition Process between 1995 and 2000 was taken up with initiatives to ensure that Local Governments in the new South Africa become truly "developmental local governments". The White Paper on Local Government identified the weaknesses of past local governments and identified the challenges and requirements for a new system of Local Government. From the White Paper flowed firstly the Development Facilitation Act, coining the term "developmental local government" and embedding the need for participatory development planning on local level. Simultaneously the Demarcation Act provided for a reconsideration of the areas of jurisdiction of Local Governments, based on the recognition that the pre-1994 sizes of Local Governments were uneconomical and inefficient. The Municipal Structures Act and Municipal Systems Act followed in 1998 and 2000 respectively. The former changed the internal organisation structure of municipalities whilst the latter changed the very nature in which municipalities must discharge their obligations. Specifically, the Municipal System Act requires the compilation of Integrated Development Plans (IDPs) to lay the very foundation of the developmental role of Local Government. Within these IDPs, a Strategy of Local Economic Development (LED) must be prominent. All future budgets of this Council will have to support the needs and principles as set out in our Integrated Development Plan.

The context of globalisation means that our country needs to be competitive and that therefore macro-economic stability is required. This in turn requires fiscal and monetary policies that are consistent and prudent. Since 1994 the National Government's record in this regard has been excellent and the continuation of these prudent and considered fiscal and monetary policies has the Potchefstroom Council's full support.

It does further mean, in the light of the implications of the above challenges, that we will have to be cleverer and much more innovative in the way that we have managed and designed Local Government. An emphasis on social-economic rights, such as shelter, clean water and the general tenets of Local Agenda 21 must be where the bulk of our annual expenditure falls. However, we must also commit resources to institutional building, strengthening local governance and the maintenance of our existing infrastructure. We must attract and retain high calibre human resources to Local Government. We must form strong and durable networks with our business community and international partner municipalities and attract foreign businesses. We must promote and market our location and build patriotism for the new Potchefstroom. We must strengthen civil society and religious institutions so that we implement what our President has called the "RDP of the Soul". Through this we

will create the environment for human capabilities to flourish and to make our city a competitive and desirable location to be living in. At this point may we salute the hundreds of our professionals, academics and community members for voluntary supporting all our initiatives.

MISSION OF OUR MUNICIPALITY

The new Council of Potchefstroom has adopted a vision from a number of drafts, in which process, our councillors, officials and our general public were involved. The Vision being: "A transformed Potchefstroom Municipality striving for economic, social and human development through good governance. Our mission will be guided by the Systems Act, namely:

1. To exercise our powers and utilise our resources in the best interest of our community
2. To provide, without favour or prejudice, democratic and accountable government.
3. To encourage the participation of our community via ward committees, suggestion boxes, consultative forums, public meetings, interviews with political and administrative leadership, etc.
4. To ensure that our services are provided to our community in an equitable, financial and environmentally sustainable manner.
5. Promote economic and other development in our area.
6. Promote gender equity.
7. Promote a safe and healthy environment.
8. Contribute to the progressive realisation of the fundamental rights contained in the Constitution.

CLOSURE

In terms of our set goals we are striving to be a "Total City" which means that we provide a place where people can live in peace and harmony with proper service delivery, play and relax with all the necessary facilities available of equal standard and good employment opportunities to all our citizens.

We would like to assure all our loyal ratepayers that this Council will go out of its way to achieve our vision and mission and set goals.

A Word of Thanks!

Lastly a word of thanks to all my colleagues and officials for their hard work, assistance and co-operation during the past financial year. Without them it would not have been possible to conclude the past financial year on such a positive note.

Cllr TR Mampe
HONOURABLE EXECUTIVE MAYOR
POTCHEFSTROOM CITY COUNCIL

POTCHEFSTROOM CITY COUNCIL

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2005

	<u>NOTE</u>	<u>2005</u> <u>R</u>	<u>2004</u> <u>R</u>
NET ASSETS AND LIABILITIES			
Net assets		274,435,602	237,391,447
Statutory Funds	1	35,240,254	56,366,101
Asset financed ex Asset Financing Reserve	2	5,390,385	10,407,818
Asset financed ex Government Grants	2	20,100,867	16,496,612
Redemption of Lease Reserve	2	6,909,052	6,083,181
Unappropriated Surplus/ Accumulated Deficit	5	206,795,044	148,037,735
Non- current liabilities		39,681,286	45,046,240
Trust Fund	3	0	0
Long-term liabilities	4	39,681,286	45,046,240
Provision for landfill rehabilitation costs	5	0	0
Current liabilities		32,954,792	29,028,449
Consumer deposits	6	6,843,792	6,271,323
Provisions	7	0	0
Creditors	8	33,357,459	31,513,226
Unpent Conditional Grants and Receipts	9	-7,246,459	-8,756,100
Bank overdraft	16	0	0
Current portion of long-term liabilities	4	0	0
Total Net Assets and Liabilities		347,071,680	311,466,136
ASSETS			
Non- current assets		240,853,438	211,794,149
Property, plant and equipment	10	197,431,367	169,679,197
Long term investments	11	27,590,571	24,558,749
Long term receivables	12	15,831,500	17,556,203
Current assets		106,218,242	99,671,987
Inventory	13	4,723,217	4,209,883
Consumer debtors	14	62,433,197	52,136,692
Short term investments	11	9,260,553	25,913,273
Other debtors	15	43,859	1,455,193
Current portion of long-term loans	12	4,132,850	4,111,730
Bank and Cash	16	25,624,566	11,845,216
Total Assets		347,071,680	311,466,136

CERTIFIED CORRECT:

MS P N R WILGENBUS
ACTING DIRECTOR FINANCE

B G MOUMAKWE
ACTING MUNICIPAL MANAGER

POTCHEFSTROOM CITY COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2005

<u>BUDGET</u> <u>2004</u> R	<u>BUDGET</u> <u>2005</u> R		<u>Note</u>	<u>ACTUAL</u> <u>2005</u> R	<u>ACTUAL</u> <u>2004</u> R
REVENUE					
43,958,066	47,572,307	Property Rates	17	47,407,661	43,343,633
0	0	Property Rates- penalties imposed and collection charges		0	0
192,445,389	215,261,580	Service Charges	18	218,464,595	192,441,310
3,031,474	2,805,095	Rental of facilities and equipment		1,973,821	2,843,414
0	0	Nett gain on sale of shares			2,756
0	0	Adjustment to fair value of investments		321,903	187,070
0	0	Interest earned- external investments	38	7,380,603	7,705,681
3,809,252	4,773,110	Interest earned - outstanding debtors		4,811,767	4,808,690
0	0	Dividends received		55,021	44,400
4,259,000	8,896,000	Fines		11,586,379	7,481,858
3,386,940	4,295,460	Licenses and permits		5,012,038	5,071,291
0	0	Income for agency services		0	0
14,374,892	16,999,000	Government grants and subsidies	19	18,049,030	14,489,933
6,028,445	11,610,916	Other income	20	6,286,655	24,151,163
0	0	Public contributions, donated and contributed property ,		0	0
0	0	plant and equipment		0	0
0	0	Gains on disposal of property, plant and equipment		0	0
271,293,458	312,213,468	Total Revenue		321,349,473	302,571,199
EXPENDITURE					
104,285,796	110,072,720	Employee related costs	21	110,262,549	101,028,035
4,669,200	5,517,550	Remuneration of Councillors	22	5,716,600	5,135,465
1,400,000	1,339,306	Bad debts	23	1,339,306	1,400,000
100,000	100,000	Collection costs		0	192,125
11,821,138	10,880,310	Depreciation		9,971,741	9,922,513
26,521,505	22,350,372	Repairs and maintenance		18,755,486	22,952,541
7,545,030	7,000,000	Interest paid	24	6,908,344	7,545,030
75,295,322	84,451,370	Bulk purchases	25	88,479,578	78,614,806
0	0	Contracted services		0	0
0	12,463,298	Grants and subsidies paid	26	22,745,039	0
66,276,328	62,614,051	General expenses - other (including abnormal expenses)		64,289,527	70,808,735
6,774,260	24,062,502	Contributions to / (transfers from) provisions	27	12,210,935	6,127,849
0	0	Loss on disposal of property, plant and equipment		0	0
-31,405,371	-30,823,453	Transfer to other departments		-20,061,372	-17,691,281
273,283,208	310,028,026	Total Expenditure		320,617,733	286,035,818
-1,989,750	2,185,442	NET SURPLUS / (DEFICIT) FOR THE YEAR		731,740	16,535,381
Refer to Appendix E (1) for explanation of variances					

POTCHEFSTROOM CITY COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005.

	<u>NOTE</u>	<u>2005</u> R	<u>2004</u> R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		362,172,689	289,802,989
Cash paid to suppliers and employees		358,629,038	262,801,123
Cash generated from operations	29	3,543,651	27,001,866
Interest received		12,192,370	12,514,371
Dividends received		55,021	44,400
Interest paid		-6,908,344	-7,545,030
NET CASH FROM OPERATIONAL ACTIVITIES		8,882,698	32,015,607
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-42,356,502	-33,299,066
Proceeds on disposal of fixed assets		0	185,091
Increase in non- current receivables		-1,724,703	-3,475,455
Increase in investments		-13,620,898	-5,817,101
NET CASH FROM INVESTING ACTIVITIES		-57,702,103	-42,406,531
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		-5,364,954	-4,475,072
Increase in consumer deposits		572,469	552,819
State Funding		-35,652,794	-63,516,593
Accumulated Surplus		59,348,625	118,100,861
Contribution to reserves		1,989,044	-6,127,849
Assets		27,752,170	-17,937,553
Reserves		13,954,195	-8,766,969
NET CASH FROM FINANCING ACTIVITIES		62,598,755	17,829,644
Net Increase in cash and cash equivalents		13,779,350	7,438,720
Cash and cash equivalents at the beginning of year		11,845,216	4,406,496
Cash and cash equivalents at the end of year	28	25,624,566	11,845,216

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
1 STATUTORY FUNDS		
Capital replacement Reserve	24,989,392	46,042,121
Housing Development Fund	10,250,862	10,323,980
	35,240,254	56,366,101
Housing Development Fund	10,250,862	10,323,980
Unappropriated Surplus	10,250,862	10,323,980
Loans extinguished by Government on 1 April 1998	0	0
The Housing Development Fund is represented by the following assets and liabilities :		
Property, plant and equipment (see note 10)	2,059,010	2,059,010
Instalment Sales Debtors (see note 12)	4,564,216	4,637,334
Other Debtors (see note 15)	1,275,394	1,275,394
Unauthorised use of cash for other purposes	0	0
Current portion of long-term debtors	2,352,242	2,352,242
Cash and cash equivalents (see note 16)	0	0
<i>Sub-total</i>	10,250,862	10,323,980
Long-term liabilities	0	0
Creditors (see note 8)	0	0
Bank overdraft	0	0
Total Housing Development Fund Assets and Liabilities	10,250,862	10,323,980
2 RESERVES		
Capitalisation Reserve	0	0
- Assets financed ex Asset Financing Reserve	5,390,385	10,407,818
- Assets financed ex Government Grants	20,100,867	0
- Assets financed ex Donations and Contributions	0	0
Land Trust Funds	0	16,496,612
Future Depreciation Reserve	0	0
Redemption of Lease Reserve	6,909,052	6,083,181
	32,400,304	32,987,611
3 TRUST FUNDS		
Provincial road subsidy fund	0	0
	0	0

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
4 LONG -TERM LIABILITIES		
Government Loans	0	0
Lease Liability	0	0
Local Registered Stock Loans	9,500,000	9,500,000
Annuity Loans	30,181,286	35,546,240
<i>Sub-total</i>	<u>39,681,286</u>	<u>45,046,240</u>
Less: Current Portion Transferred To Current Liabilities	0	0
Government Loans	0	0
Local Registered Stock Loans	0	0
Annuity Loans	0	0
Total External Loans	<u>39,681,286</u>	<u>45,046,240</u>
(Refer to annexure A for more details regarding long-term liabilities) Local registered stock carries interests at a rate which variant between 8,375% and 17,9% per year and is repayable over periods of 20 and 25 years. Government loans are granted for housing projects .These loans bear interest that variant between 1% and 11,25% per year and is repayable over 30 years. Annuity loans bear interest that variant between 5% and 14,5% per year and is repayable over periods that variant between 7 and 30 years. Provision is made in the due dates of investments to be paid when loans are due to be redeemed. A R 8,870,000 lease was taken up with Rio Rand leasing for the water purification plant in 1982. Provision was made for the redemption of the lease on 1 July 2007.		
5 NON-CURRENT PROVISIONS		
Provision for leave	0	0
Provision for reclamation of refuse landfill site	0	0
Total Non- Current Provisions	<u>0</u>	<u>0</u>
In terms of the licensing of the landfill refuse site, council will incur rehabilitation costs to restore the site at the end of its useful life. Provision has been made for the nett present value of this cost using the average cost of borrowing interest rate.		
<u>Unappropriated Surplus</u>		
Parking Meters	423,098	421,408
Operating unappropriated surplus	206,371,946	147,616,327
Total Non- Current Provisions	<u>206,795,044</u>	<u>148,037,735</u>

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>Leave</u>	<u>Landfill Site</u>
The movement in the provisions are reconciled as follows: -		
Balance at beginning of year	0	0
Contributions to provision	0	0
Interest on investments	0	0
Expenditure incurred	0	0
Other Income	0	0
Transfer to current provisions	0	0
Balance at end of year	0	0
	<u>2005</u>	<u>2004</u>
	<u>R</u>	<u>R</u>
6 CONSUMER DEPOSITS : SERVICES		
Electricity and Water	6,843,792	6,271,323
Accrued Interest	0	0
Total Consumer Deposits	6,843,792	6,271,323
Guarantees in the place of electricity- and water deposits amounts to R 2,572,726. (R 2,643,130 in 2004)		
7 CURRENT PROVISIONS		
Performance bonus	0	0
Current portion of leave provision	0	0
Total Provisions	0	0
8 CREDITORS		
Trade Creditors	10,916,400	7,920,158
Land Trust Fund	0	13,339,835
Payments received in advance	3,696,417	5,280,824
VAT	0	0
Deposits Other	177,812	144,954
Suspense other	15,617,507	1,280,382
Leave provision	1,713,700	2,825,119
Auditors fees	1,221,768	708,099
District Council levies	13,855	13,855
Total Creditors	33,357,459	31,513,226

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Balanced at 30 June 2004	-7,246,460	-8,756,100
Equitable share	8,051,069	4,686,736
Provincial LED Projects	237,782	122,807
Improvement Grant	-6,000	79,330
CMIP Grants	-14,711,646	-11,252,820
Transitional Grant	1,145,635	0
LED Business Initiative Grant	23,334	263,798
Fire and Emergency Grant	300,000	300,000
Health Grant	591,508	483,217
Grant IMMIS Project	130,000	0
Land Use Management Grant	467,763	0
Municipal Finance Grant	-3,475,905	-3,475,905
Provincial Road subsidy		36,737
Other Conditional Receipts	0	0
Developers Contributions - Electricity	0	0
Public Contributions	0	0
Total Conditional Grants and Receipts	-7,246,460	-8,756,100

See Note 19 for reconciliation of grants from National / Provincial Government. These amounts are invested in ring-fenced investment until utilized.

10 PROPERTY, PLANT AND EQUIPMENT

	<u>Cost or</u> <u>Revaluation</u> R	<u>Accumulated</u> <u>Depreciation</u> R	<u>Gross</u> <u>Carrying Value</u> R
30 th June 2005			
Infrastructure	157,512,605	43,907,974	113,604,631
Community	23,062,682	4,701,293	18,361,389
Heritage	0	0	0
Housing Development Fund - Rental Schemes	1,412,962	120,014	1,292,948
Other	101,703,746	37,531,347	64,172,399
Investment properties	0	0	0
Leased Infrastructure	0	0	0
Total Property, Plant and Equipment	283,691,995	86,260,628	197,431,367
30 th June 2004			
Infrastructure	128,567,249	37,245,464	91,321,785
Community	19,735,632	3,807,871	15,927,761
Heritage	0	0	0
Housing Development Fund - Rental Schemes	1,412,962	72,783	1,340,179
Other	91,672,271	30,582,799	61,089,472
Investment properties	0	0	0
Leased Infrastructure	0	0	0
Total Property, Plant and Equipment	241,388,114	71,708,917	169,679,197

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The leased property, plant and equipment is secured as set out in Note 4.

Provision has been made for the estimated costs of restoring refuse landfill sites, included in other assets,

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
11 <u>FINANCIAL INSTRUMENTS- INVESTMENTS</u>		
Listed investments		
Sanlam	1,287,479	968,361
Sanlam Shares EGV	11,232	8,448
Eurogrowth	0	0
Total listed	1,298,711	976,809
Listed investments are valued at the closing prices of the Johannesburg Stock Exchange on 30 June 2004.		
Unlisted investments	0	0
Total unlisted	0	0
Unlisted investments are valued at nett reliable value.		
Financial instruments		
Long term investments	27,590,571	24,558,749
Short term investments	7,961,842	24,936,464
Total Cash Investments	35,552,413	49,495,213
Total Investments	36,851,124	50,472,022
Market value of listed investments	<u>No. of shares</u>	
Sanlam	110,041	1,287,479
Sanlam Shares EGV	960	11,232
Eurogrowth	0	0
Total listed		1,298,711
Average rate of return on investments	7.25%	9.75%

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
12 <u>LONG TERM RECEIVABLES</u>		
Housing loans	4,637,519	4,637,334
Vehicle loans	3,697,316	5,306,316
Sports club loans	17,183	37,766
Property loans	11,612,332	11,686,517
	19,964,350	21,667,933
Less : Current portion transferred to current receivables	4,132,850	4,111,730
Housing loans	4,029,818	3,507,973
Vehicle loans	103,032	603,757
Sports club loans	0	0
Property loans	0	0
Total Non-Current Loans	15,831,500	17,556,203

HOUSING LOANS

Loans were granted for purchase of erven and houses in Promosa and Mohadin

VEHICLE LOANS

Car loans were granted to qualifying personnel until 30 June 2004.
Interest charged at 8% or 11% over a maximum period of 6 years.

SPORTS CLUB LOANS

Loans outstanding to sport clubs are the bowls club to the amount of R 8 821.

PROPERTY LOANS

Loans were granted to the buyers of erven in Promosa, Mohadin and Ikageng townships.

13 INVENTORY

Consumable stores	4,723,217	4,209,883
Maintenance materials	0	0
Spare parts for plant and equipment	0	0
Water	0	0
Other goods held for resale	0	0
Land/ property held for resale	0	0
Less : Provision for obsolescence	0	0
Total Inventory	4,723,217	4,209,883

Inventory is net of specific provisions for obsolescence.

605 001 kiloliter water was in the resevoirs on 30 June 2005. The value of the water is not included in the inventory.

No provision is made for old or obsolete stock in the 2004/2005 financial year. An amount of R 509 155 was written off in the 2004/2005 financial year in regard to the variance between the actual inventory and the financial statements for the year ending 30 June 2004. The stock shortage of R 24 748 for the 2004/2005 financial year will be written off in the 2005/2006 financial year.

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
14 CONSUMER DEBTORS		
Service debtors	44,152,035	38,490,487
Rates	11,034,003	8,967,118
Electricity	15,282,362	15,017,595
Refuse Removal	4,002,175	3,324,335
Water	8,974,769	6,894,897
Sewerage	4,858,726	4,286,542
Interest	12,585,741	9,232,327
VAT	5,531,143	4,497,097
Other	4,116,261	3,174,766
Legal Fees	624,123	507,968
Ambulance	9,257	26,652
Erven & Housing	0	0
Rental	470,387	416,240
Arrangements	10,891,791	10,453,873
Total Debtors	78,380,738	66,799,410
Less: Provision for bad debts	-15,947,541	-14,662,718
Total	62,433,197	52,136,692
<u>Rates : Ageing</u>		
Current (0 - 30 days)	-1,757,056	-1,527,037
31 - 60 Days	3,464,501	3,244,499
61 - 90 Days	956,336	583,822
91 - 120 Days	8,370,221	6,665,834
121 - 365 Days	0	0
+ 365 Days	0	0
Total	11,034,002	8,967,118
<u>Electricity, Water and Sewerage : Ageing</u>		
Current (0 - 30 days)	-526,203	-845,938
31 - 60 Days	15,325,736	15,681,406
61 - 90 Days	2,950,927	2,184,252
91 - 120 Days	11,004,765	8,867,335
121 - 365 Days	0	0
+ 365 Days	0	0
Total	28,755,225	25,887,055
<u>Housing Rentals: Ageing</u>		
Current (0 - 30 days)	-3,788	-8,146
31 - 60 Days	31,105	33,496
61 - 90 Days	20,151	14,380
91 - 120 Days	422,919	376,510
121 - 365 Days	0	0
+ 365 Days	0	0
Total	470,387	416,240
<u>Summary of Debtors by Customer Classification</u>		
30 June 2005	R	R
Current (0 - 30 days)	-1,401,496	-1,068,519
31 - 60 Days	14,516,757	3,912,521
61 - 90 Days	4,278,975	1,598,603
91 - 120 Days	2,541,780	338,734
121 - 365 Days	38,196,873	544,466
+ 365 Days	0	0
Sub-Total	58,132,889	5,325,805
Less : Provision for bad debts	0	0
Total debtors by customer classification	58,132,889	5,325,805

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Summary of Debtors by Customer

Classification

30 June 2004

	<u>Consumers</u>	<u>Industrial /</u>	<u>National and</u>
	<u>R</u>	<u>Commercial</u>	<u>Provincial Gov</u>
		<u>R</u>	<u>R</u>
Current (0 - 30 days)	-4,664,964	0	-615,860
31 - 60 Days	21,491,360	0	2,257,256
61 - 90 Days	3,599,753	0	506,604
91 - 120 Days	35,846,862	0	594,738
121 - 365 Days	0	0	0
+ 365 Days	0	0	0
Sub-Total	56,273,011	0	2,742,738
Less : Provision for bad debts	0	0	0
Total debtors by customer classification	56,273,011	0	2,742,738

15 OTHER DEBTORS

	<u>2005</u>	<u>2004</u>
	<u>R</u>	<u>R</u>
Payments made in advance	0	0
Recovery of unauthorised , irregular, fruitless or wasteful expenditure (Note 31)	0	0
VAT	0	0
Medical Scheme subsidies and Insurance		87,529
Government subsidies	0	0
Other debtors	43,859	1,367,664
Total other debtors	43,859	1,455,193

16 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts : -

Current Account (Primary Bank Account)

ABSA Bank Limited- Potchefstroom Branch
Account Number - 680000093

Cash book balance at beginning of year	11,689,719	3,879,616
Cash book balance at end of year	25,624,566	11,689,719

Bank statement balance at beginning of year	27,927,882	27,861,145
Bank statement balance at end of year	34,583,830	27,927,882

Current Account (Housing)

First National Bank Limited- Potchefstroom Branch
Account Number - 53500022454

Cash book balance at beginning of year	155,497	526,881
Cash book balance at end of year	0	155,497

Bank statement balance at beginning of year	6,712	0
Bank statement balance at end of year	6,425	6,712

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
17 PROPERTY RATES		
Actual		
Residential	24,451,702	21,950,148
Commercial	10,374,083	9,550,270
State	3,029,259	3,026,414
Municipal	72,911	67,321
Other	9,479,706	8,749,480
Total Assessment Rates	47,407,661	43,343,633
Valuations	Site Valuation As At 1/7/2005	Site Valuation As At 1/7/2004
Residential	369,016,310	363,801,310
Commercial	95,243,000	94,486,000
State	32,966,700	35,059,500
Municipal	788,300	751,100
Other	100,477,600	96,751,500
Total Property Valuations	598,491,910	590,849,410
- Detail on the assessment rates as at 30/06/2005 - Valuation on land is performed every three years - Last valuation came into effect on 1 Jan. 2001 - The basic rate was 11.46c in the Rand on land value only. - A rebate of 40% was granted to residential erven. A further rebate of 25% was granted to the residential erven in Ikageng which will be phased out by reducing the rebate by 5% per annum or until the backlog in Ikageng is recovered. - A rebate of 15% was granted to industrial erven and a rebate of 20% was granted to government and semi - government institutions. A rebate of 100 % is granted to welfare institutions erven.		
18 SERVICE CHARGES	<u>2005</u> R	<u>2004</u> R
Sale of electricity	132,570,611	129,242,761
Sale of water	55,187,974	32,911,134
Refuse removal	10,255,321	9,614,079
Sewerage and sanitation charges	20,450,689	20,673,336
Total Service Charges	218,464,595	192,441,310
19 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	8,322,000	4,686,736
Provincial LED Projects	130,053	122,807
Improvement Grant	360,000	79,330
CMIP Grants	6,664,751	-11,252,820
LGW SETA Grant	1,145,635	0
LED Business Initiative Grant	62,757	263,798
Fire and Emergency Grant		300,000
Health Grant	108,291	483,217
Municipal Finance Grant		-3,475,905
Provincial Road subsidy	0	36,737
LUM Systems	1,125,543	0
IMMIS Project Grant	130,000	0
Total Government Grant and Subsidies	18,049,030	-8,756,100

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
Provincial Health Subsidies		
Balance unspent at beginning of year	0	0
Current year receipts (included in public health vote - see Appendix D)	0	2,073,337
Conditions met- transferred to revenue	0	-2,073,337
Conditions still to be met - transferred to liabilities (see note 9)	<u>0</u>	<u>0</u>
The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There was no delay or withholding of the subsidy.		
Improvement Grant		
Balance unspent at beginning of year	79,330	300,000
Current year receipts (included in roads and sewerage votes in Appendix B)	360,000	1,398,043
Conditions met- transferred to revenue	-445,330	-1,618,713
Conditions still to be met - transferred to liabilities (see note 9)	<u>-6,000</u>	<u>79,330</u>
This grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.		
Provincial LED Projects		
Balance unspent at beginning of year	122,807	122,807
Current year receipts (included in Council General vote - see Appendix D)	130,053	0
Conditions met- transferred to revenue	-50,000	0
Conditions still to be met - transferred to liabilities (see note 9)	<u>202,860</u>	<u>122,807</u>
Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.		
Municipal Finance Grant		
Balance unspent at beginning of year	-3,475,905	-1,820,705
Current year receipts (included in Council General vote - see Appendix D)	0	3,360,000
Conditions met- transferred to revenue	0	-5,015,200
Conditions still to be met - transferred to liabilities (see note 9)	<u>-3,475,905</u>	<u>-3,475,905</u>
The grant was used to upgrade the financial management system of Council. The grant was spent in accordance with a business plan approved by National Treasury.		

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
Equitable Share		
Balance unspent at beginning of year	4,686,736	3,434,932
Current year receipts (included in Council General vote - see Appendix D)	8,322,000	3,995,000
Conditions met- transferred to revenue	-4,957,667	-2,743,196
Conditions still to be met - transferred to liabilities (see note 9)	<u>8,051,069</u>	<u>4,686,736</u>
In terms of the Constitution , the grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy to a maximum of R 115.00 (2002 R 98) , which is funded from this grant. 50 kwh units free electricity is provided to indigents.		
Transitional Grant		
Balance unspent at beginning of year	0	666,926
Current year receipts (included in Council General vote - see Appendix D)	0	0
Conditions met- transferred to revenue	0	-666,926
Conditions still to be met - transferred to liabilities (see note 9)	<u>0</u>	<u>0</u>
The grant was used to transform the Council management system		
CMIP / MIG Grants		
Balance unspent at beginning of year	-11,252,820	0
Current year receipts (included in Council General vote - see Appendix D)	20,681,691	0
Conditions met- transferred to revenue	-24,140,518	0
Conditions still to be met - transferred to liabilities (see note 9)	<u>-14,711,647</u>	<u>-11,252,820</u>
These grants were used for infrastructure development.		
Health Grant		
Balance unspent at beginning of year	483,217	0
Current year receipts (included in Council General vote - see Appendix D)	108,291	483,217
Conditions met- transferred to revenue	0	0
Conditions still to be met - transferred to liabilities (see note 9)	<u>591,508</u>	<u>483,217</u>
The grant was received for the ICLEI - environmental projects of Council.		
Fire and Emergency Grant		
Balance unspent at beginning of year	300,000	0
Current year receipts (included in Council General vote - see Appendix D)	0	300,000
Conditions met- transferred to revenue	0	0
Conditions still to be met - transferred to liabilities (see note 9)	<u>300,000</u>	<u>300,000</u>
The grant was used for the re-building of a fire engine.		
LED Business Initiative Grant		
Balance unspent at beginning of year	263,799	0
Current year receipts (included in Council General vote - see Appendix D)	2,833	882,234
Conditions met- transferred to revenue	-243,297	-618,435
Conditions still to be met - transferred to liabilities (see note 9)	<u>23,335</u>	<u>263,799</u>
The grant was used for the development of the Potchefstroom business initiatives.		

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
20 OTHER INCOME		
Sale of housing	0	14,779,341
Other income	6,286,665	9,371,822
Total Interest Income	6,286,665	24,151,163
21 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	85,321,765	82,287,318
Employee related costs - Social contributions	24,940,784	23,246,771
Less : Employee costs capitalized to Property , Plant and Equipment	0	0
Less : Employee costs included in other expenses		-4,506,054
Total Employee Related Costs	110,262,549	101,028,035
 Remuneration of the Municipal Manager		
Annual Remuneration (2004/07- 2005/03)	362,846	449,895
Performance Bonus	91,442	45,793
Car Allowance	165,212	204,250
Total	619,500	699,938
 Remuneration of the Deputy Municipal Manager		
Annual Remuneration	424,409	415,286
Performance Bonus	42,974	29,160
Car Allowance	118,898	121,473
Total	586,281	565,919
 Remuneration of the Chief Finance Officer		
Annual Remuneration (2004/07 - 2005/02)	257,613	393,484
Performance Bonus	0	36,000
Car Allowance	69,569	103,901
Total	327,182	533,385
 Remuneration of the Executive Directors (Infrastructure, LED,Health,)		
Annual Remuneration	433,607	393,484
Performance Bonus	39,790	36,000
Car Allowance	102,860	103,901
Total	576,257	533,385

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
22 REMUNERATION OF COUNCILLORS		
Executive Mayor allowance	220,576	207,017
Speaker allowance	176,461	166,473
Mayoral committee members allowances	1,488,897	1,404,621
Councillors allowances	1,176,742	1,213,796
Councillors cellphone allowances	272,563	249,446
Councillors medical aid contributions	129,554	145,315
Councillors transport allowances	838,389	767,603
Councillors housing allowances	673,837	466,800
Councillors office allowances	88,560	76,288
Councillors ' Pension contributions	651,021	438,106
	5,716,600	5,135,465
In - kind Benefits		
The Executive Mayor , Speaker , Whip and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle for official duties and a full - time driver.		
Certification by the Municipal Manager I certify that the remuneration of Councillors and in-kind benefits are in accordance with the Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act. _____ Signed : Municipal Manager		
23 BAD DEBTS		
Contribution to the bad debt provision	1,339,306	1,400,000
Bad debts written off	49,318	19,452
Total contribution to bad debts	1,339,306	1,400,000
Provision for Bad Debts		
Balance unspent at beginning of year	14,662,718	13,282,170
Current year provision	1,339,306	1,400,000
Bad debts written off	-54,483	-19,452
Conditions still to be met - transferred to liabilities (see note 9)	15,947,541	14,662,718

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
24 <u>INTEREST PAID</u>		
External loans	6,908,344	7,545,030
Finance leases	0	0
Bank Overdrafts	0	0
Total Interest on External Borrowings	6,908,344	7,545,030
25 <u>BULK PURCHASES</u>		
Electricity	70,149,801	67,855,258
Water	18,329,777	10,759,548
Total Bulk Purchases	88,479,578	78,614,806
26 <u>GRANTS AND SUBSIDIES PAID</u>		
Grant paid to other municipality	0	0
Grant	22,745,039	0
Total Grants and Subsidies	22,745,039	0
27 <u>CONTRIBUTIONS TO (FROM) PROVISIONS</u>		
Study loan fund	0	150,000
Bursary Fund	228,000	156,360
Provision for leave	1,595,366	1,687,325
Provision for audit fees	1,559,007	677,676
Asset Financing Fund	500,000	500,000
Poverty Alleviation Fund	6,562	432,000
Equity Share Fund	8,322,000	2,524,488
Total Contributions to (from) Provisions	12,210,935	6,127,849
28 <u>CASH AND CASH EQUIVALENTS</u>		
Balance at the end of the year	25,624,566	11,845,216
Balance at the beginning of the year	11,845,216	4,406,496
Net increase (decrease) in cash and cash equivalents	-13,779,350	-7,438,720

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
29 CASH GENERATED BY OPERATIONS		
Net surplus for the year	731,739	16,535,381
Adjustment for :-		
Depreciation	9,971,741	9,922,513
Gain on disposal of property, plant and equipment	0	-2,756
Contribution to provisions - non-current	0	0
Contribution to provisions - current	22,745,039	6,127,849
Interest	-12,192,370	-12,514,371
Fair value investment	-321,903	-187,070
Dividends	-55,021	-44,400
Interest Paid	6,908,344	7,545,030
Operating surplus before working capital charges:	27,787,569	27,382,176
Increase in inventories	1,104,650	-578,789
Increase in debtors	-10,296,505	-9,091,950
Decrease in other debtors	-1,411,334	9,072,337
Decrease in conditional grants and receipts	-1,509,641	-11,482,028
Decrease in investments	-13,620,898	0
Decrease in reserves	-354,423	0
Increase in creditors	1,844,233	11,700,120
Cash generated by operations	3,543,651	27,001,866
 30 .8 Accumulated Surplus		
<u>Implementation of Gamap</u>		
Inventory written off	591,316	0
Capital Replacement Reserve not cash backed written back	24,727,798	
Land Trust Fund transferred to accumulated surplus	32,707,455	0
 Sub- total	58,026,569	0
	0	0
Total	58,026,569	0
 31 UNAUTHORISED, IRREGULAR , FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
<u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure		
Opening balance	0	0
Unauthorised expenditure current year	0	0
Approved by Council	0	0
Transfer to Statement of Financial Performance - authorised losses	0	0
Transfer to receivables for recovery	0	0
Closing balance	0	0

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
Incident		
Disciplinary steps/ criminal proceedings		
Unbudgeted expenditure	0	0
 <u>Irregular, fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	0	0
Fruitless and wasteful expenditure current year	0	0
Transfer to Statement of Financial Performance	0	0
Transfer to receivables for recovery	0	0
Closing balance	<u>0</u>	<u>0</u>
 Incident		
Disciplinary steps/ criminal proceedings		
None		
 32 <u>ADDITIONAL DISCLOSURES I.T.O MUNICIPAL FINANCE MANAGEMENT ACT</u>		
 <u>Contributions to SALGA</u>		
Opening balance	0	0
Council subscriptions	651,740	616,780
Amount paid - current year	651,740	616,780
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>
 <u>Audit fees</u>		
Opening balance	0	0
Current year audit fee	1,045,338	708,099
Amount paid - current year	0	0
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>1,045,338</u>	<u>708,099</u>
 <u>VAT</u>		
VAT inputs receivables and VAT outputs receivables are shown in notes 15 and 8 respectively. All VAT returns have been submitted by the due date throughout the year.	0	0

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R	
<u>PAYE and UIF</u>			
Opening balance	0	0	
Current year payroll deductions	13,180,901	10,862,980	
Amount paid - current year	13,180,901	10,862,980	
Amount paid - previous years	0	0	
Balance unpaid (included in creditors)	0	0	
 <u>Pension and Medical Aid Deductions</u>			
Opening balance	0	0	
Current year payroll deductions and Council Contributions	24,940,784	16,955,044	
Amount paid - current year	24,940,784	16,955,044	
Amount paid - previous years	0	0	
Balance unpaid (included in creditors)	0	0	
 <u>Councillor's arrear consumer accounts</u>			
The following Councillors had arrear accounts outstanding for more than 90 days as at:-			
30 th June 2005	<u>Total</u>	<u>Outstanding less</u> <u>than 90 days</u>	<u>Outstanding more</u> <u>than 90 days</u>
M J Madiehe	598.24	447.38	150.86
L Matshego	801.43	246.95	554.48
D Schoeman	847.17	30.96	816.23
Total Councillor Arrear Consumer Accounts	2246.84	725.29	1521.57

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
33 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure :		
- Approved and contracted for	0	0
Infrastructure	0	0
Community	0	0
Heritage	0	0
Other	0	0
Housing Development Fund	0	0
Investment Properties	0	0
- Approved but not yet contracted for	0	0
Infrastructure	0	0
Community	0	0
Heritage	0	0
Other	0	0
Housing Development Fund	0	0
Investment Properties	0	0
Total	0	0
 This expenditure will be financed from :		
- External Loans	0	0
- Asset Financing Reserve	0	0
- Government Grants	0	0
- Internal Cash	0	0
- District Council Grants	0	0
	0	0

**POTCHEFSTROOM
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> R	<u>2004</u> R
34 RETIREMENT BENEFIT INFORMATION		
All Councillors and employees belong to one of 6 different retirement funds. These funds are the Potchefstroom Municipal Retirement Fund, Joint Municipal Pension Fund, Municipal Workers Pension Fund, Municipal Gratuity Fund, Sala Pension Fund and the Pension Fund for Councillors. These funds are subject to a triennial actuarial valuation.		
An amount of R 5254508 (2003/2004 : R 1,137,377) was contributed by Council in respect of Councillor and employees retirement funding.	5,254,508	1,137,377
35 CONTINGENT LIABILITY		
None		
36 CONTINGENT ASSET		
None		
37 IN - KIND DONATIONS AND ASSISTANCE		
The Municipality received the following in-kind donations and assistance		
<u>Description</u>		
None		
38 INTEREST RECEIVED - EXTERNAL INVESTMENTS		
Interest income is accounted for on an accrual basis.		
<u>Financial Institution</u>	<u>2005</u> R	<u>2004</u> R
Nedbank Interest Accrual	403,245	584,271
Investec	839,462	592,215
Investec Zero Coupon	683,573	591,998
Standard Bank Management Fund	3,311,100	2,016,639
Standard Bank	0	165,451
ABSA current account	2,005,437	3,617,321
Sanlam Annuity Interest	137,786	137,786
	7,380,603	7,705,681

**POTCHEFSTROOM
CITY COUNCIL**

**APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2005.**

EXTERNAL LOANS	Issued	Percent	Loan Number	Redeemable	Balance at 01/07/2004	Received during the period	Redeemed written off during the period	Balance at 30/06/2005		Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
					R	R	R	R		R	R
LONG-TERM LOANS											
Stock Loan	1986	17.90%	14	30/06/2006	1,000,000	0	0	1,000,000		0	0
Stock Loan	1988	16.95%	15	31/10/2008	5,000,000	0	0	5,000,000		0	0
Stock Loan	1989	17.50%	16	30/06/2009	3,500,000	0	0	3,500,000		0	0
Total Long-term Loans					9,500,000	0	0	9,500,000		0	0
SHORT-TERM LOANS											
None					0	0	0	0		0	0
Total Short-term Loans					0	0	0	0		0	0
ANNUITY LOANS											
DBSA	2003	12.47%		30/06/2009	22,017,918	0	3,384,252	18,633,666		25,000,000	0
DBSA	2003	12.66%		30/06/2009	13,528,322	0	1,980,702	11,547,620		15,000,000	0
Total Annuity Loans					35,546,240	0	5,364,954	30,181,286		40,000,000	0
GOVERNMENT LOANS											
None					0	0	0	0		0	0
Total Government Loans					0	0	0	0		0	0
TOTAL EXTERNAL LOANS					45,046,240	0	5,364,954	39,681,286		40,000,000	0
LEASE LIABILITY											
Rio Rand Leasing	1982	12.50%		01/07/2007	8,870,000	0	0	8,870,000		8,870,000	0
Total Lease Liability					8,870,000	0	0	8,870,000		8,870,000	0
TOTAL EXTERNAL LOANS AND LEASES					53,916,240	0	5,364,954	48,551,286		48,870,000	0

**POTCHEFSTROOM
CITY COUNCIL**

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	<u>Cost</u>				<u>Accumulated Depreciation</u>				<u>Carrying Value</u>	<u>Budget Additions 2004/2005</u>
	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing Balance</u>	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing Balance</u>		
INFRASTRUCTURE										
Roads, Pavements , Bridges and Stormwater	60,556,776	21,410,009	0	81,966,785	14,869,722	3,001,181	0	17,870,903	64,095,882	22,610,086
Water Reservoirs and Reticulation	6,374,348	3,521,653	0	9,896,001	2,762,621	557,704	0	3,320,325	6,575,676	3,908,633
Car parks,Bus Terminals and Taxi Rank	475,497	60,000	0	535,497	175,869	25,274	0	201,143	334,354	54,000
Electricity Reticulation	50,756,923	3,237,276	0	53,994,199	13,674,114	2,347,835	0	16,021,949	37,972,250	3,268,103
Sewerage Purification and Reticulation	9,101,429	228,318	0	9,329,747	5,500,577	666,114	0	6,166,691	3,163,056	313,500
Street Lighting	1,278,255	160,000	0	1,438,255	262,561	53,515	0	316,076	1,122,179	160,000
Refuse Sites	1	0	0	1	0	0	0	0	1	0
Other Infrastructure	24,020	328,100	0	352,120	0	10,887	0	10,887	341,233	2,070,659
	128,567,249	28,945,356	0	157,512,605	37,245,464	6,662,510	0	43,907,974	113,604,631	32,384,981
COMMUNITY ASSETS										
Establishment of Parks and Gardens	917,242	0	0	917,242	322,701	45,709	0	368,410	548,832	0
Sportfields	12,107,797	547,000	0	12,654,797	3,317,736	626,729	0	3,944,465	8,710,332	547,000
Community Halls	390,471	676,133	0	1,066,604	12,161	13,042	0	25,203	1,041,401	1,650,000
Libraries	363,476	146,844	0	510,320	5,653	14,174	0	19,827	490,493	500,000
Recreational Facilities	15,089	0	0	15,089	3,813	672	0	4,485	10,604	0
Clinics	161,554	0	0	161,554	8,324	5,386	0	13,710	147,844	0
Museums and Art Galleries	50,000	0	0	50,000	0	0	0	0	50,000	0
Other Community	5,730,003	1,957,073	0	7,687,076	137,483	187,710	0	325,193	7,361,883	2,472,579
	19,735,632	3,327,050	0	23,062,682	3,807,871	893,422	0	4,701,293	18,361,389	5,169,579
HERITAGE										
Heritage Assets	2	0	0	0	0	0	0	0	0	0
	2	0	0	0	0	0	0	0	0	0
HOUSING RENTAL STOCK										
Housing	1,412,962	0	0	1,412,962	72,783	47,231	0	120,014	1,292,948	0
	1,412,962	0	0	1,412,962	72,783	47,231	0	120,014	1,292,948	0
OTHER										
Motor Vehicles	10,931,508	2,057,423	62,606	12,926,325	7,075,345	913,648	0	7,988,993	4,937,332	2,006,788
Plant and Equipment	-5,805,892	2,621,304	2	-3,184,590	3,647,890	559,537	0	4,207,427	-7,392,017	2,523,885
Office Equipment	32,558,440	2,302,396	0	34,860,836	4,870,159	3,510,443	0	8,380,602	26,480,234	2,536,373
Airport	1	4,590	0	4,591	1,745,145	143	0	1,745,288	-1,740,697	4,590
Security Measures	1,961,160	164,848	0	2,126,008	2,066,895	105,810	0	2,172,705	-46,697	135,203
Other	3,159,661	1,037,753	11	4,197,403	361,416	344,889	0	706,305	3,491,098	940,604
Civic Land and Buildings	5,656,942	0	0	5,656,942	10,815,949	188,565	0	11,004,514	-5,347,572	0
Other Land and Building	43,210,451	1,905,783	3	45,116,231	0	1,325,513	0	1,325,513	43,790,718	2,059,244
	91,672,271	10,094,097	62,622	101,703,746	30,582,799	6,948,548	0	37,531,347	64,172,399	10,206,687
TOTAL	241,388,116	42,366,503	62,622	283,691,995	71,708,917	14,551,711	0	86,260,628	197,431,367	47,761,247

POTCHEFSTROOM CITY COUNCIL
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2005

	<u>Cost</u>				<u>Accumulated Depreciation</u>				<u>Carrying Value</u>	<u>Budget Additions 2004/2005</u>
	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing Balance</u>	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing Balance</u>		
Executive and Council	3,793,938	2,483,247	62,606	6,214,579	846,919	249,613	0	1,096,532	5,118,047	3,018,701
Finance and Administration	14,608,727	5,154,191	0	19,762,918	4,968,804	1,085,992	0	6,054,796	13,708,122	5,238,311
Planning and Development	1,746,039	2,760,567	0	4,506,606	301,806	149,055	0	450,861	4,055,745	2,942,732
Health	3,150,828	574,826	0	3,725,654	1,010,510	213,923	0	1,224,433	2,501,221	642,248
Community and Social Services	26,462,646	2,331,921	0	28,794,567	5,632,371	1,079,874	0	6,712,245	22,082,322	5,272,078
Housing	0	0	0	0	0	0	0	0	0	0
Public Safety	12,109,224	651,969	0	12,761,193	4,175,679	877,063	0	5,052,742	7,708,451	656,313
Sport and Recreation	38,805,613	1,900,335	1	40,705,947	11,241,125	2,031,378	0	13,272,503	27,433,444	1,890,466
Environmental Protection	3,073	0	0	3,073	154	614	0	768	2,305	0
Waste Management	42,068,831	4,415,350	2	46,484,179	23,937,845	2,928,753	0	26,866,598	19,617,581	4,339,164
Road Transport	32,607,790	15,621,544	0	48,229,334	2,767,812	1,923,381	0	4,691,193	43,538,141	16,884,411
Water	7,359,982	2,339,849	0	9,699,831	2,745,356	722,611	0	3,467,967	6,231,864	2,682,530
Electricity	58,292,154	4,095,374	0	62,387,528	14,028,068	3,270,994	0	17,299,062	45,088,466	4,156,962
Other	379,269	37,330	13	416,586	52,468	18,460	0	70,928	345,658	37,331
TOTAL	241,388,114	42,366,503	62,622	283,691,995	71,708,917	14,551,711	0	86,260,628	197,431,367	47,761,247

POTCHEFSTROOM CITY COUNCIL

APPENDIX D

SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005.

2004 ACTUAL INCOME R. C	2004 ACTUAL EXPENDITURE R. C	2004 SURPLUS (DEFICIT) R. C		2005 ACTUAL INCOME R. C	2005 ACTUAL EXPENDITURE R. C	2005 SURPLUS (DEFICIT) R. C
0.00	23,236,855.70	(23,236,855.70)	Executive & Council	10,858.19	27,068,796.11	(27,057,937.92)
73,242,377.27	53,717,208.26	19,525,169.01	Finance & Administration	76,896,389.35	50,320,285.51	26,576,103.84
999,611.16	4,998,145.04	(3,998,533.88)	Planning & Development	1,172,684.72	7,011,381.14	(5,838,696.42)
1,850,001.65	8,379,973.41	(6,529,971.76)	Health services	2,534,011.74	9,879,547.03	(7,345,535.29)
930,710.90	11,606,443.69	(10,675,732.79)	Community & Social Services	1,081,368.80	14,404,155.59	(13,322,786.79)
0.00	0.00	0.00	Housing	0.00	0.00	0.00
7,995,792.47	18,028,781.12	(10,032,988.65)	Public Safety	11,850,956.51	22,868,327.00	(11,017,370.49)
2,603,063.03	22,005,448.80	(19,402,385.77)	Sport & Recreation	2,858,596.04	21,261,234.93	(18,402,638.89)
0.00	936,976.50	(936,976.50)	Environmental Protection	0.00	324,827.61	(324,827.61)
36,887,246.77	30,938,797.12	5,948,449.65	Waste Management	37,316,408.48	33,788,613.30	3,527,795.18
5,077,419.00	10,040,121.97	(4,962,702.97)	Road Transport	5,026,417.59	10,836,856.69	(5,810,439.10)
43,670,682.66	27,070,614.48	16,600,068.18	Water	48,699,928.85	29,938,445.13	18,761,483.72
129,242,760.55	88,823,980.46	40,418,780.09	Electricity	133,875,193.92	91,607,812.32	42,267,381.60
71,534.08	2,225,491.41	(2,153,957.33)	Other	26,659.00	1,307,451.21	(1,280,792.21)
302,571,199.54	302,008,837.96	562,361.58	Sub Total	321,349,473.19	320,617,733.57	731,739.62
0.00	15,973,019.30	(15,973,019.30)	Less Inter - Departmental Charges	0.00	0.00	0.00
302,571,199.54	286,035,818.66	(15,410,657.72)	Total	321,349,473.19	320,617,733.57	731,739.62

POTCHEFSTROOM CITY COUNCIL
APPENDIX E
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2005

	<u>ACTUAL</u> <u>2005</u> R	<u>BUDGET</u> <u>2005</u> R	<u>VARIANCE</u> <u>2005</u> R	<u>VARIANCE</u> <u>2005</u> %	<u>Explanation of significant</u> <u>Variances greater than 10 % vs budget</u>
REVENUE					
Property Rates	47,407,661	47,572,307	-164,646	-0.35	
Property Rates- penalties imposed and collection charges	0	0	0	0.00	
Service Charges	218,464,595	215,261,580	3,203,015	1.49	
Regional Services Levies - turnover	0	0	0	0.00	
Adjustment to fair value of investments	321,903	0	321,903	0.00	
Nett gain on sale of shares	0	0	0	0.00	
Rental of facilities and equipment	1,973,821	2,805,095	-831,274	-29.63	Total visitors to Lakeside Resort is decreasing
Interest earned- external investments	7,380,603	0	7,380,603	0.00	No provision was made in budget for interest on investments
Interest earned - outstanding debtors	4,811,767	4,773,110	38,657	0.81	
Dividends received	55,021	0	55,021	0.00	No provision was made in the budget for dividends received.
Fines	11,586,379	8,896,000	2,690,379	30.24	TCS, a PPP service provider, collected more fines than budgeted.
Licenses and permits	5,012,038	4,295,460	716,578	16.68	Higher receipt of licensing fees than budgeted.
Income for agency services	0	0	0	0.00	
Government grants and subsidies	18,049,030	16,999,000	1,050,030	6.18	Higher receipt of equitable share grant than budgeted.
Other income	6,286,655	11,610,916	-5,324,261	-45.86	Actual sundry revenues did not materialize as budgeted for.
Public contributions, donated and contributed property , plant and equipment	0	0	0	0.00	
Gains on disposal of property, plant and equipment	0	0	0	0.00	
Total Revenue	321,349,473	312,213,468	9,136,005	2.93	

POTCHEFSTROOM CITY COUNCIL
APPENDIX E
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2005

	<u>ACTUAL</u> <u>2005</u> <u>R</u>	<u>BUDGET</u> <u>2005</u> <u>R</u>	<u>VARIANCE</u> <u>2005</u> <u>R</u>	<u>VARIANCE</u> <u>2005</u> <u>%</u>	<u>Explanation of significant</u> <u>Variances greater than 10 % vs budget</u>
<u>EXPENDITURE</u>					
Employee related costs	110,262,549	110,072,720	189,829	0.17	
Remuneration of Councillors	5,716,600	5,517,550	199,050	3.61	
Bad debts	1,339,306	1,339,306	0	0.00	
Collection costs	0	100,000	-100,000	0.00	
Depreciation	9,971,741	10,880,310	-908,569	-8.35	Less depreciation charged than budgeted.
Repairs and maintenance	18,755,486	22,350,372	-3,594,886	-16.08	Lower maintenance work performed to infrastructure than budgeted.
Interest on external borrowings	6,908,344	7,000,000	-91,656	-1.31	
Bulk purchases	88,389,578	84,451,370	3,938,208	4.66	
Contracted services	0	0	0	0.00	
Grants and subsidies paid	12,210,935	12,463,298	-252,363	0.00	
General expenses - other (including abnormal expenses)	64,379,527	62,714,051	1,665,476	2.66	
Contributions to / (transfers from) provisions	22,745,039	24,062,502	-1,317,463	-5.48	
Loss on disposal of property, plant and equipment	0	0	0	0.00	
Transfer to other departments	-20,061,372	-30,823,453	10,762,081	-34.92	Phasing out of interdepartmental transfer costs. Less charged than budgeted.
Total Expenditure	320,617,733	310,128,026	10,491,712	3.38	
NET SURPLUS / (DEFICIT) FOR THE YEAR	731,740	2,085,442	-1,355,707	-65.01	

POTCHEFSTROOM CITY COUNCIL
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2005
APPENDIX E (2)
CAPITAL EXPENSES



	<u>2005 Actual</u>	<u>2005 Under Construction</u>	<u>2005 Total Additions</u>	<u>2005 Budget</u>	<u>2005 Variance</u>	<u>2005 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>%</u>	
<u>INFRASTRUCTURE</u>							
Roads, Pavements , Bridges and Stormwater	21,410,009	0	21,410,009	22,610,086	-1,200,077	-5.31%	Additional MIG Funds received
Water Reservoirs and Reticulation	3,521,653	0	3,521,653	3,908,633	-386,980	-9.90%	
Car parks,Bus Terminals and Taxi Rank	60,000	0	60,000	54,000	6,000	0.00%	
Electricity Reticulation	3,237,276	0	3,237,276	3,268,103	-30,827	-0.94%	
Sewerage Purification and Reticulation	228,318	0	228,318	313,500	-85,182	-27.17%	Less sewerage connections
Street Lighting	160,000	0	160,000	160,000	0	0	
Refuse Sites	0	0	0	0	0	0	
Other Infrastructure	328,100	0	328,100	2,070,659	-1,742,559	-84.15%	District Cementary did not materialize
	28,945,356	0	28,945,356	32,384,981	-3,439,625	-10.62%	
<u>COMMUNITY ASSETS</u>							
Establishment of Parks and Gardens	0	0	0	0	0	0.00%	
Sportfields	547,000	0	547,000	547,000	0	0.00%	
Community Halls	676,133	0	676,133	1,650,000	-973,867	-59.02%	
Libraries	146,844	0	146,844	500,000	-353,156	-70.63%	Funds from Province received late
Recreational Facilities	0	0	0	0	0	0.00%	
Clinics	0	0	0	0	0	0.00%	
Museums and Art Galleries	0	0	0	0	0	0.00%	
Other Community	1,957,073	0	1,957,073	2,472,579	-515,506	-20.85%	Ward projects not completed
	3,327,050	0	3,327,050	5,169,579	-1,842,529	-35.64%	
<u>HERITAGE</u>							
Heritage Assets	0	0	0	0	0	0	
	0	0	0	0	0	0	
<u>HOUSING RENTAL STOCK</u>							
Housing	0	0	0	0	0	0.00%	
	0	0	0	0	0	0.00%	
<u>OTHER</u>							
Motor Vehicles	2,057,423	0	2,057,423	2,006,788	50,635	2.52%	
Plant and Equipment	2,621,304	0	2,621,304	2,523,885	97,419	3.86%	
Office Equipment	2,302,396	0	2,302,396	2,536,373	-233,977	-9.22%	
Airport	4,590	0	4,590	4,590	0	0.00%	
Security Measures	164,848	0	164,848	135,203	29,645	21.93%	Upgrade of security at cashiers
Other	1,037,753	0	1,037,753	940,604	97,149	10.33%	
Civic Land and Buildings	0	0	0	0	0	0.00%	
Other Land and Buildings	1,905,783	0	1,905,783	2,059,244	-153,461	-7.45%	
	10,094,097	0	10,094,097	10,206,687	-112,590	-1.10%	
TOTAL	42,366,503	0	42,366,503	47,761,247	-5,394,744	-11.30%	

POTCHEFSTROOM CITY COUNCIL

APPENDIX F

AS AT 30 JUNE 2005

<u>GENERAL STATISTICS</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Population</u>	207780	207780	207780
<u>Registered voters</u>	79326	79326	70183
<u>Valuations:</u>			
<u>Total valuation</u>			
Taxable Property	R 598,491,910.00	R 590,849,410.00	R 580,679,970.00
Non Taxable Property	R 158,740,300.00	R 159,211,700.00	R 158,261,600.00
Total Property	R 757,232,210.00	R 750,061,110.00	R 738,941,570.00
Residential	R 369,016,310.00	R 363,801,310.00	R 354,057,110.00
Commercial	R 95,243,000.00	R 94,486,000.00	R 93,674,200.00
Valuation Date	1 Jan 2001	1 Jan 2001	1 Jan 2001
Number of Premises	34500	32166	31795
<u>Assessment Rates</u>			
Basic tariff (per rand)	11.46c	10.61c	9.82c
Discount Residential	40%	40%	40%
Additional discount-lkageng res. stands	25%	25%	30%
<u>Employees:</u>			
Number of employees in service	1038	1075	1092
<u>Electricity:</u>			
Units (kwh) purchased	428,419,295	414,959,326	411,781,849
Purchase cost per kwh	18.66c	17.15c	15.05c
Units (kwh) sold	387,056,281	387,326,880	390,159,998
Units (kwh) lost with distribution	41,363,014	27,632,446	21,621,851
Percentage lost with distribution	9.65%	6.66%	5.25%
Cost per unit sold	23.71c	21.52c	21.64c
Income per unit sold	34.13c	33.21c	30c
<u>Water:</u>			
Kl purchased	125,125,544	12,850,612	13,037,846
Purchased cost per KL	R 1.05	69.5c	74.7c
KL sold	11,510,767	12,570,411	11,907,364
Kl lost with distribution	1,001,801	280,201	1,130,482
Percentage lost with distribution	8.00%	2.20%	8.70%
Cost per kl sold	R 1.42	R1.22	R 1.22
Income per kl sold	R 2.45	R2.55	R 2.43

**POTCHEFSTROOM
CITY COUNCIL**

APPENDIX A

**ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS
AS AT 30 JUNE 2003.**

	<u>BALANCE AT 30/06/2002</u>	<u>CONTRIBUTION DURING THE YEAR</u>	<u>INTEREST ON INVESTMENTS</u>	<u>OTHER INCOME</u>	<u>TRANSFERS</u>	<u>EXPENDITURE DURING THE YEAR</u>	<u>BALANCE AT 30/06/2003</u>
	R	R	R	R	R	R	R
<u>1. STATUTORY FUNDS</u>							
Capital development fund	106,378,290	0	3,269,056	2,150	0	0	109,649,496
Land trust fund	33,702,259	0	2,267,147	1,243,860	0	1,038	37,212,228
Engineering services fees	1,100,927	0	106,579	0	0	0	1,207,506
Endowment fund	543,049	0	52,571	0	0	0	595,620
Bursary loan fund	46,314	174,420	4,484	14,451	0	202,309	37,360
Community facilities fund	0	0	0	0	0	0	0
Housing development fund	0	0	0	0	0	0	0
Housing operating account	10,018,415	0	0	510,228	0	295,446	10,233,197
	151,789,254	174,420	5,699,837	1,770,689	0	498,793	158,935,407
<u>2. RESERVES</u>							
CLF - interest stabilisation fund	1,701,801	0	164,749	1,815,043	0	0	3,681,593
Capital reserve fund - waterworks	4,687,417	0	453,782	204,597	0	0	5,345,796
Stabilisation fund - stores	214	0	0	0	0	214	0
Stabilisation fund - mechanical workshop	301,452	0	0	0	0	301,452	0
Stabilisation fund - salaries suspense	1,263,464	0	122,314	0	0	1,385,778	0
General insurance fund	388	1,981,674	0	0	0	1,982,062	0
Maintenance fund railway facilities	710,373	0	68,770	0	0	2,602	776,541
	8,665,109	1,981,674	809,615	2,019,640	0	3,672,108	9,803,930

**POTCHEFSTROOM
CITY COUNCIL**

APPENDIX A

**ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS
AS AT 30 JUNE 2003.**

	<u>BALANCE AT 30/06/2002</u>	<u>CONTRIBUTION DURING THE YEAR</u>	<u>INTEREST ON INVESTMENTS</u>	<u>OTHER INCOME</u>	<u>TRANSFERS</u>	<u>EXPENDITURE DURING THE YEAR</u>	<u>BALANCE AT 30/06/2003</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
<u>3. TRUST FUNDS</u>							
Equitable share - (the indigent)	2,786,382	3,054,000	0	0	0	2,405,450	3,434,932
Transitional contribution grant	173,644	1,132,925	0	0	0	639,643	666,926
Provincial road subsidy fund	108,103	10,465	0	0	0	96,600	21,968
Financial management grant	71,295	2,500,000	0	0	0	4,392,000	-1,820,705
LED constitutional development grant	400,000	621,324	0	0	0	898,517	122,807
Improvement grant	0	500,000	0	0	0	200,000	300,000
	3,539,424	7,818,714	0	0	0	8,632,210	2,725,928
<u>4. PROVISIONS</u>							
Leave provision fund	1,956,512	1,627,744	189,407	246,844	2,751,438	3,269,095	3,502,850
Auditors remuneration provision fund	0	0	0	0	0	0	0
	1,956,512	1,627,744	189,407	246,844	2,751,438	3,269,095	3,502,850

POTCHEFSTROOM CITY COUNCIL

REPORT BY THE DIRECTOR FINANCE I.R.O.

THE 2002/2003 - FINANCIAL STATEMENTS.

1.PREFACE:

We are glad to report that we were able to close the year down with a surplus of R 3,912,587 which was R 3,781,997 more than the budgeted surplus of R 130,590.

The surplus of R 3,912,587 can mainly be contributed to the R 14,335,294 higher revenue than the budgeted revenue of R 248,291,659. The higher revenue earnings was mainly at electricity (R 5,598,314) , Licencing and testing grounds (R 3,218,661) as well as the higher revenue earnings with water (R 1,765,190).

The surplus of R 3,912,587 can also be contributed to savings realised on expenditure v.i.z : personnel costs (R 1,916,702) , repairs and maintenance (R 868,284) as well as capital charges (R 2,552,054).

The saving on capital charges was the result of the repayments on the R 15 million loan first commenced in September 2002.

2.OPERATING RESULTS:

Particulars of the operating results per department classification and type of income or expenditure are shown in appendixes D and E. The applicable statistics are shown in appendix F. The entire operating results for the year were as follows :

	<u>Actual</u> <u>2002</u> R	<u>Actual</u> <u>2003</u> R	<u>Deviation</u> <u>2002/2003</u> %	<u>Budget</u> <u>2003</u> R	<u>Deviation</u> <u>Actual</u> %
Income :					
Outset Surplus	4,911,461	9,883,213	101.23%	0	-100.00%
Operating income for the year	235,746,385	262,626,953	11.40%	248,291,659	5.77%
	240,657,846	272,510,166	13.24%	248,291,659	9.75%
Expenditure:					
Operation expenditure for the year	229,747,709	258,714,366	12.61%	248,161,069	4.25%
Applications	1,026,924	394,307	-61.60%	0	737.95%
Final surplus	9,883,213	13,401,493	35.60%	130,590	10162.27%
	240,657,846	272,510,166	13.24%	248,291,659	9.75%

The actual surplus for the year of R 3,912,587 was R 3,781,997 more than the budgeted surplus of R 130, 590. The actual revenue was R 14,335,294 higher revenue than the budgeted revenue of R 248,291,659.

The higher revenue earnings were mainly at electricity (R 5,598,314) , Licencing and testing grounds (R 3,218,661) as well as the higher revenue earnings with water (R 1,765,204).

The surplus of R 3,912,587 can also be contributed to savings realised on expenditure v.i.z : personnel costs (R 1,916,702) , repairs and maintenance (R 868,284) as well as capital charges (R 2,552,054).

The saving on capital charges was the result of the repayments on the R 15 million loan first commenced in September 2002.

The operational expenditure exceeded the budget with R 9,619,758 mainly due to higher expenditure in general expenses (R 6,431,235) , purchase of electricity (R 5,253,417) , purchase of water (R 1,047,871) and contribution to capital spending (R 5,051,141).

2.1 RATES AND GENERAL SERVICES :

	<u>Actual</u> <u>2002</u> R	<u>Actual</u> <u>2003</u> R	<u>Deviation</u> <u>2002/2003</u> %	<u>Budget</u> <u>2003</u> R	<u>Deviation</u> <u>Actual</u> <u>budget.</u> %
Income:	90,896,869	104,366,647	14.82%	107,570,160	-2.98%
Expenditure:	131,182,753	149,505,062	13.97%	157,986,606	-5.37%
Deficit	40,285,884	45,138,415	12.05%	50,416,446	-10.47%
Deficit as a % of total income	44.32%	43.25%		46.87%	

The actual deficit in parking meters amounted to R 34 725 in comparison to the budgeted surplus of R 127,852. The deficit can be attributed to the implementation of the DPS system in the 2002/2003 financial year.

POTCHEFSTROOM CITY COUNCIL

REPORT BY THE DIRECTOR FINANCE I.R.O.

THE 2002/2003 - FINANCIAL STATEMENTS.

3.CAPITAL EXPENDITURE AND FINANCING:

The expense of acquiring fixed assets during the year amounted to R 25,078,722 , 76.42% more than the previous year.
The actual expense is 19.12 % less than the budget and is made up as follows:

	<u>Actual</u> <u>2002</u> <u>R</u>	<u>ORIGINAL</u> <u>Budget</u> <u>2003</u> <u>R</u>	<u>Actual</u> <u>2003</u> <u>R</u>
Fixed assets (EXCLUDING HOUSING AND DISTRICT COUNCIL FUNDS)	32,818,646	71,585,812	57,897,368

The following resources were utilized for financing:

External loans	0	0	0
Consolidated loan fund	15,308,424	25,938,621	27,260,026
Land trust fund	116,666	0	0
Capital development fund	6,880,292	1,332,800	1,032,225
Operating income	349,241	484,500	5,535,641
Suspense development accounts	7,230,303	40,977,500	22,295,533
Grants and subsidies - unconditional	0	0	0
- conditional	2,285,930	2,852,391	1,773,943
Public contributions	0	0	0

(EXCLUDING HOUSING AND DISTRICT COUNCIL FUNDS)	32,170,856	71,585,812	57,897,368
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THE AMOUNT SPENT FOR 2003 DIFFERS FROM ANNEXURE C AS IT INCLUDES SPENDING ON HOUSING AND TOWNSHIP SUSPENSE DEVELOPMENT ACCOUNTS AND EXCLUDES AMOUNTS ADDED I.R.O. PREVIOUS AUDIT QUERIES.

A complete analysis of capital expenditure (budget and actual) per department ,classification of service is stated in appendix C.
More details regarding external loans and internal advances used to finance fixed assets are stated in appendix B.

CAPITAL EXPENDITURE PER DEPARTMENT

Department	<u>ORIGINAL</u> <u>Budget</u> <u>2003</u> <u>R</u>	<u>Actual</u> <u>2003</u> <u>R</u>	<u>Deviation</u> <u>Actual</u> <u>budget.</u> <u>%</u>
Speaker	230,000	386,616	-68.09%
Municipal Manager	3,000	1,645	45.17%
Public Safety	591,400	953,753	-61.27%
Infrastructure	19,045,338	20,911,223	-9.80%
Local Economic Development	70,100	31,051	55.70%
Housing	19,547,000	1,187,997	-
Health and Environment	841,316	786,211	6.55%
Finance	651,020	711,062	-9.22%
Executive Mayor	46,700	19,928	57.33%
Corporate Services	6,029,400	8,266,059	-37.10%
Social Services	2,710,038	2,859,467	-5.51%
Township suspense account	21,820,500	21,782,356	0.17%

(EXCLUDING HOUSING AND DISTRICT COUNCIL FUNDS)	71,585,812	57,897,368	19.12%
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The savings of R 13,688,444 on the capital expenditure budget for the financial year 2002/ 2003 financial year is mainly due a saving realised at the housing department (R 18,359,003).

POTCHEFSTROOM CITY COUNCIL

REPORT BY THE DIRECTOR FINANCE I.R.O.

THE 2002/2003 - FINANCIAL STATEMENTS.

4.EXTERNAL LOANS, INVESTMENTS AND CASH:

On 30 June 2003 outstanding external loans amounted to R 49,521,312 (R 42,223,969 in 2002). Local registered stock to the amount of R 7,635,400 was redeemed during the 2002/2003 financial year. A loan of R 15,000,000 was taken up on 14 August 2002 from DBSA for funding of capital projects. This loan is in form of an annuity loan and the last payment will be due in August 2009.

On 30 June 2003 external investments and cash on hand amounted to R 48,874,347 as opposed to R 73,218,371 in 2002.

Further detail regarding external loans and investments appear in notes 4,7 and 24 as well as in appendix B.

5. FUNDS RESERVES AND PROVISIONS:

The capital development fund increased by R 3,271,206 to R 109,649,496 (R 106,378,290 in 2002) R 62,112,227 of this amount was advanced to loan services (R 72,610,042 in 2002)

A contribution of R1,981,674 was made to the insurance fund, R174,420 to the bursary fund and R1,627,744 to leave provision and was obtained from the operating account. Reserves increased with R 1,138,821 to R 9,803,930 (R 8,665,109 in 2002). During the year provisions increased with R 1,546,338 to R 3,502,850 (R 1 956 512 in 2002).

More detail regarding funds, reserves and provisions is contained in notes 1 to 3 and 12 as well as in appendix A.

6. POST BALANCE SHEET EVENTS

In line with the requirements as prescribed by the Generally Accepted Accounting Practice, all previous fund accounts will be balanced off and closed prior to the preparation of the annual financial statements for the 2002/2003 financial year in the GAMAP format.

7. GRANTS AND SUBSIDIES USED FOR OPERATIONAL EXPENDITURE:

	<u>Actual</u> <u>2002</u> <u>R</u>	<u>Budget</u> <u>2003</u> <u>R</u>	<u>Actual</u> <u>2003</u> <u>R</u>
Conditional grants and subsidies received	2,372,453	0	4,752,350
Conditional grants and subsidies received 2001 C/F	317,969	0	0
Less : conditional grants and subsidies used	1,937,380	0	6,211,483
Conditional grants and subsidies unspent	753,042	0	-1,459,133
Unconditional grants and subsidies received	6,574,242	8,480,000	8,187,814
Unconditional grants and subsidies received 2001C/F	0	0	0
Less : unconditional grants and subsidies used	3,787,860	0	3,554,000
Unconditional grants and subsidies unspent	2,786,382	8,480,000	4,633,814

**POTCHEFSTROOM CITY COUNCIL
REPORT BY THE DIRECTOR FINANCE I.R.O.
THE 2002/2003 - FINANCIAL STATEMENTS.**

8.DEBTORS AND CREDITORS.

8.1 SHORT-TERM DEBTORS:

	<u>2003</u> <u>R</u>	<u>2002</u> <u>R</u>	<u>DEVIATION</u> <u>R</u>
Suspense other	7,891,391	5,393,047	2,498,344
Advance payments	2,355,741	2,741,338	(385,597)
Current debtors (consumers and other)	56,607,312	44,829,793	11,777,519
			-
	66,854,444	52,964,178	13,890,266
Less : provision for bad debts	13,282,169	12,233,531	1,048,638
	53,572,275	40,730,647	12,841,628

8.2 LONG-TERM DEBTORS:

	<u>2003</u> <u>R</u>	<u>2002</u> <u>R</u>	<u>DEVIATION</u> <u>R</u>
Housing Loans	4,664,483	4,663,669	814
Vehicle loans	4,354,907	3,193,891	1,161,016
Sports club loans	37,766	52,267	(14,501)
Property loans	9,135,322	8,428,334	706,988
	18,192,478	16,338,161	1,854,317
Less : short-term portion of long-term debtors	6,647,456	4,738,963	1,908,493
	11,545,022	11,599,198	(54,176)

8.3 CREDITORS:

	<u>2003</u> <u>R</u>	<u>2002</u> <u>R</u>	<u>DEVIATION</u> <u>R</u>
Trade Creditors	10,178,023	10,050,879	127,144
Deposits Other	122,015	77,952	44,063
Amounts paid in advance	2,355,741	2,741,338	(385,597)
Suspense other	3,654,477	2,287,912	1,366,565
	16,310,256	15,158,081	1,152,175

CERTIFIED AS CORRECT

DIRECTOR FINANCE

29/08/2003

BYDRAES UIT BEDRYFSREKENING TOT VOORSIENINGS & RESERWES

	<u>KONTANT</u>	<u>NIE-KONTANT</u>
BEURSLENINGSFONDS	R 37,250.00	
BEH. HUURVERLIES RESERWE	R 17,071.22	
BEH. INSTANDHOUDING	R 86,041.53	
KAPITAALRESERWE WATERWERKE	R 92,433.06	
ALGEMENE VERSEKERINGSFONDS	R 668,550.61	
ODITEURSVERGOEDING	R 373,380.42	
VERLOFVOORSIENING	R 2,946,857.00	
BONUSVOORSIENING	R 3,051,948.00	
DISRIKSRAADHEFFINGS	R 331,797.00	
ONGEVALLE VERS.	R 589,461.96	
SPOORLYN FASILITEITE	R 28,395.66	
STABILISASIEFONDS ELEKTRISITEIT	R 27,745.59	
GEMEENSKAPFASILITEITE	R 50,614.24	
ONINBARE SKULDE	R 1,176,206.66	
GLF RENTE STABILISASIE	R 247,968.00	
	R 9,725,720.95	

BYDAES DIREK INBETAAL

INGENIEURSDIENSTEGELDE	R 209,769.77	
PAAIESUBSIDIEFONDS	R 21,051.15	
BEHUISSING ONTWIKKELINGSFONDS	R 145,968.57	
KOF	R 527,704.00	
	R 904,493.49	R -

BYDAES DIREK INBETAAL

GTF	R 2,682,899.00
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UITGAWES TEEN VOORSIENINGS & RESERWES

ONINBARE SKULDE	R 499,792.58	
INGENIEURSDIENSTE BYDRAES	R 66,021.58	
BEURSLENINGS	R 65,888.58	
GEMEENSKAPFASILITEITE	R 3,613.86	
BEHUISSING INSTANDHOUDING	R 348,827.64	
STABILISASIEFONDS MAGASYN	R 118,350.58	
STABILISASIEFONDS INGENIEURS	R 224,298.88	
STABILISASIEFONDS MEG.W/W	R 31,471.61	
ALG. VERSEKERINGS FONDS	R 600,110.04	
KAPITALE RESERWEFONDS GES.	R 514.72	R -
PAAIESUBSIDIEFONDS	R 6,282.15	
VERLOFVOORSIENING	R 2,758,845.13	
BONUSVOORSIENING	R 3,194,636.47	R -
DISTRIKSRAADHEFFINGS	R 500,248.72	R -
ODITEURSVERGOEDING	R 211,109.07	
DRUKKOSTE STATE	R 17,147.11	
ONGEVALLE VERSEKERING	R 594,089.80	R -
	R 9,241,248.52	R -